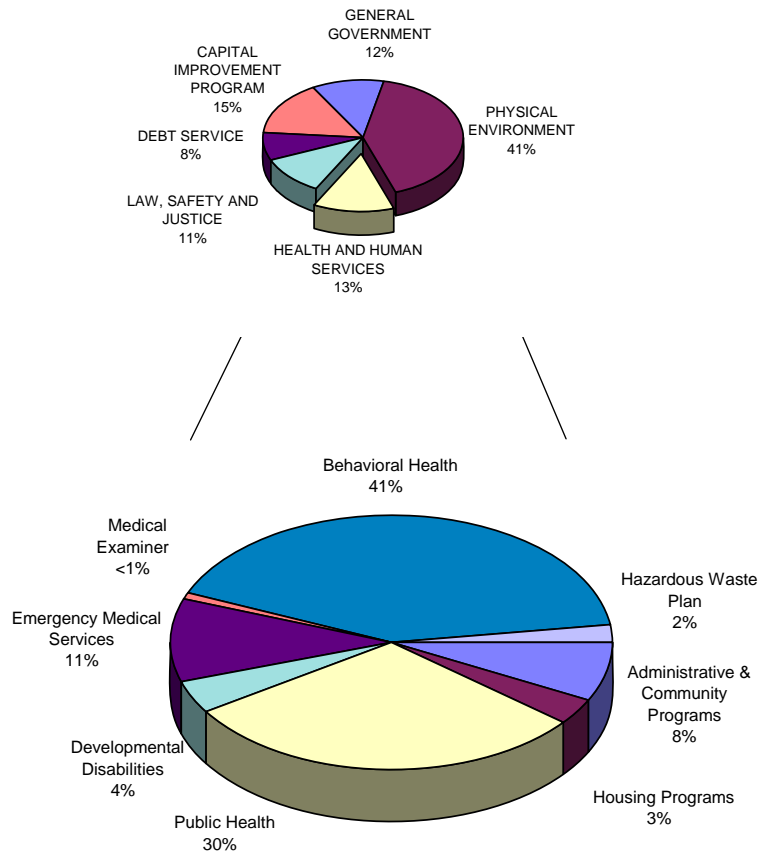

Health and Human Services

Health & Human Services \$635 Million



Organization of the Pie Chart: The following agencies were combined to make the pie chart more readable.

Behavioral Health: Mental Health and Alcoholism & Substance Abuse, and Mental Illness and Drug Dependency Fund

Housing Programs: Federal Housing & Community Development Fund

Administrative & Community Programs: Veterans' Services, Special Programs, Youth Employment, HHS Grants, Children & Family Services

Due to rounding, figures in pie chart may not add to 100%

Source: Program Plan Summary Page (Found at the end of the section).

PROGRAM EXPLANATIONS

INTRODUCTION

The Department of Community and Human Services (DCHS) and Public Health – Seattle & King County (Public Health) provide services to many of the most vulnerable residents of King County. The work of these two departments is crucial to the well-being of the community. In these times of economic instability, the demand for services provided by DCHS and Public Health has been increasing, while resources available to pay for these services are not growing at a pace to meet this demand.

Both DCHS and Public Health have multiple funding sources, each of which presents its own challenges for 2010. For 2009, total funding for DCHS (excluding the Office of the Public Defender) was \$360 million, of which \$12 million, or 3.4 percent, came from the General Fund. Similarly, Public Health funding (including the Medical Examiner's Office) totaled \$191.7 million, of which \$30 million, or 16 percent, came from the General Fund via the direct General Fund transfers and the General Fund share of the Children and Family Services (CFS) transfer. The 2010 Executive Proposed Budget makes reductions where necessitated by constrained revenues, but also take advantages of new revenue streams where available. The 2010 Executive Proposed Budget includes \$385.7 million for DCHS. General Fund support for DCHS is eliminated in 2010. Meanwhile, Public Health (including the Medical Examiner's Office) will receive \$194.8 million in total funding, of which \$26.5 million, or 14 percent, comes from the General Fund.

The 2010 budgets for DCHS and Public Health are influenced by the financial conditions of both the county's General Fund and their numerous non-General Fund sources, including the state, the federal government, and non-governmental granting organizations. In terms of the non-General Fund environment, budget challenges at the state resulted in funding losses for both DCHS and Public Health. DCHS's Mental Health and Substance Abuse funds will see reductions of over \$10 million in various state funding sources. Public Health is also seeing reductions in state funding for a variety of services including: HIV/AIDS prevention; tobacco prevention; the environmental health program; family planning programs; laboratory costs associated with screening for sexually transmitted diseases; and colorectal cancer screening.

Meanwhile, both DCHS and Public Health are benefiting from increases in federal funding under the American Recovery and Reinvestment Act (ARRA). The 2010 Executive Proposed Budget reflects ARRA funding for Youth Summer Employment programs and an adult dislocated worker training grant out of DCHS's Work Training Program. DCHS also expects to receive Community Development Block Grant (CDBG) funding to support low-income housing infrastructure projects. Public Health is receiving increased Ryan White funds for HIV/AIDS treatment programs. While this increased funding is significant, these funds are limited in time as well as in scope. Most of this funding is only available for one year.

Although not directly reflected in the 2010 Executive Proposed Budget, Public Health also expects to receive increases in federal funding – unrelated to ARRA funds – to respond to the anticipated outbreak of the H1N1 influenza this fall and winter. Appropriation authority for these grants will be addressed separately at the time the grant funds are received. Public Health also continues to struggle with federal reimbursement rates that do not keep pace with the rate of inflation. As a result, Public Health must continually find creative ways to spread federal reimbursement dollars to meet existing and growing demands for services.

General Fund support for DCHS and Public Health continues to be an important change dynamic influencing these programs. The on-going structural deficits in the General Fund – made worse by the recent economic upheaval – have resulted in some dramatic changes in General Fund support for DCHS and Public Health in the 2010 Executive proposed Budget. The cumulative impacts of reductions associated with the \$137 million in General Fund deficits between 2002 and 2005, the \$93 million deficit for 2009, and the \$56.4 million deficit for 2010 have left the county with limited options for closing the budget gap. These choices are even more daunting in the context of the large deficits that are projected for 2011 and beyond. As in 2009, the 2010 Executive Proposed Budget prioritizes mandatory services over discretionary services throughout the county. It is no longer possible to make incremental reductions to multiple programs to close the deficit. Instead, the 2010 Executive Proposed Budget eliminates General Fund support for whole programs in order to preserve funding for mandated services. Among those wholesale reductions is the elimination of General Fund support for DCHS and General Fund reductions for Public Health. In order to partially offset those reductions, the 2010 Executive Proposed Budget dedicates \$4.9 million of the \$12.6 million of supplanted Mental Illness and Drug Dependency funds, as well as non-General Fund revenues in the Children and Family Services (CFS) fund, to DCHS to support core human services programs. Public Health will receive General Funds commensurate with its share of current non-General Fund CFS funding.

MIDD Supplantation

The Mental Illness and Drug Dependency (MIDD) sales tax is central to the Executive's strategy for balancing the 2010 General Fund budget and preserving – at least on a short-term basis – critical human services and criminal justice programs that would otherwise be in jeopardy for reduction or elimination. The original state legislation that enabled the county to collect a one-tenth of a cent sales tax for MIDD indicated that these funds could be expended *only* on new or enhanced mental illness and drug dependency programs and services. However, in 2009, the State Legislature amended the legislation to allow counties to use a portion of their one-tenth of one percent sales tax revenues to fund existing mental health and chemical dependency services and therapeutic courts. The revised legislation permits supplantation up to 50 percent of MIDD revenues for 2010. For 2011, this percentage declines to 40 percent and drops 10 percent each year thereafter until the supplantation option is eliminated in 2015. This change acknowledges that the structural funding crisis facing counties across the State of Washington threatens basic funding for mental illness and drug dependency services. However, this is only a short-

term solution to an on-going problem. Supplantation, under current state law is temporary. Yet the structural funding crisis in the general fund is on-going. As the ability to supplant ramps down, the county will again have to evaluate funding decisions and make difficult decisions about what programs remain.

The decision to use MIDD funds to supplant the General Fund was not made without first seeking other revenue tools from the state legislature to address the county's on-going General Fund deficits. To address the underlying structural nature of these deficits, King County, as well as all other counties in the State of Washington, went to the legislature to ask for additional tools to address the fundamental flaws in the funding structure available to support county services. Among other things, King County sought the ability to impose a utility tax – similar to the tax afforded to cities in the State of Washington – to support local services the county is required to provide to the residents of unincorporated King County. It costs King County approximately \$15.2 million more in expenditures to provide services to these areas than they generate in revenues. King County came extremely close to gaining the authority to impose a utility tax, but ultimately the primary revenue tool the legislature granted King County was the ability to supplant MIDD revenues. The crisis facing the General Fund necessitates that we use this tool to preserve core services upon which the MIDD plan was built.

The County Executive, in order to maintain the integrity of the MIDD Plan, is recommending that only 30 percent of MIDD funds be supplanted in 2010. The Executive believes that supplanting more than 30 percent of the MIDD funds threatens the integrity of the MIDD spending plan, which counts on an array of interconnected programs to address unmet mental illness and drug dependency needs that often result in individual's involvement in the criminal justice system. In addition, there are clear legislative restrictions on what programs are eligible to receive supplanted sales tax revenues. They must be therapeutic court programs, mental health programs, or chemical dependency programs. The programs currently funded with General Funds that also qualify for MIDD funds total \$12.6 million, which is close to 30 percent supplantation. There are not any programs in the General Fund, beyond the \$12.6 million identified in the 2010 Executive Proposed Budget, that would qualify for MIDD funding under state law, making supplantation up to 50 percent as a means of relieving pressure on the General Fund in 2010 virtually impossible. Finally, by supplanting only 30 percent of MIDD revenues in 2010, 2011 and 2012, the 2010 Executive Proposed Budget establishes a three year strategy that will sustain these core existing services with MIDD revenues and will ease the impact when MIDD supplantation ramps down in 2013.

While reducing funding for MIDD strategies is difficult, this funding tool will allow core substance abuse and chemical dependency treatment programs in DCHS to continue, despite the elimination of General Fund support. MIDD funds will be used to support \$4.9 million in human services programs that had formerly been supported by the General Fund.

Children and Family Services Fund

The decision to eliminate General Fund support for discretionary programs in the 2010 proposed budget has major implications on the Children and Family Services (CFS) fund. In 2009, approximately 60.5 percent of CFS revenue – or \$8.6 million – came from the General Fund. The remaining revenue – or \$5.6 million – was derived from sales tax, parking garage fees, and other miscellaneous sources. Collectively, these revenues supported \$12 million in programs in DCHS. The remaining \$3.7 million (including a drawdown of fund balance) supported programs in Public Health. For 2010, CFS will see the elimination of its General Fund dollars. In addition, the fund's revenues are negatively impacted by the weak economy. As a result, the CFS budget for 2010 totals \$5.9 million.

To partially mitigate the loss of General Fund support for DCHS, the 2010 Executive Proposed Budget shifts all remaining non-General Fund CFS revenues to DCHS programs. The result is an increase of nearly \$500,000 in non-General Fund support for DCHS programs as compared to the 2009 Adopted Budget. This will allow DCHS to sustain programs that would otherwise face the prospect of reductions or elimination.

Meanwhile, to mitigate the loss of CFS funding to Public Health, the 2010 Executive Proposed Budget provides \$3.3 million in additional General Fund support for Public Health.

This funding will allow Public Health to sustain its programs that previously received CFS funding, which included both General Fund and non-General Fund revenue sources in 2009.

Collectively, DCHS will see the elimination of \$11.4 million in General Fund support in the 2010 Executive Proposed Budget. These reductions are partially mitigated by using \$4.9 million of supplanted MIDD funds. In addition the changes in the allocation of CFS funding, which result in the elimination of all CFS funding to public health and the dedication of all remaining non-General Funds to DCHS, mean that the net impact of the General Fund reductions to DCHS has been held to \$3.7 million.

Public Health Funding

Separate from the changes in CFS funding, Public Health was required to identify \$2.2 million in General Fund reductions for 2010 to help balance the budget. In 2009, the General Fund transfer to Public Health was \$28 million with an additional \$3.7 million in CFS revenues for a total of \$31.7 million in direct and indirect General Fund support. For 2010, Public Health will receive \$26.5 million support from the General Fund, including \$3.3 million to take the place of funds it previously received from CFS.

Continuing General Fund support to Public Health is crucial because the dollars are flexible. They can be used to leverage a variety of other outside revenues. Each General Fund dollar leverages an additional \$5 in external revenues.

Public Health will achieve its General Fund savings through a number of changes, as follows:

- Reductions to consultant contracts
- Reductions to the Environmental Health Program
- Elimination of a senior services contract
- Reduction to HIV/AIDS education and sexually transmitted disease (STD) screening
- Reduce support for community-based health centers
- Consolidation of public health centers
- Reductions to the Medical Examiner's Office (MEO)
- Reduce funding for the safe communities program

Public Health Center Financing

A key issue facing the Public Health department as it relates to the 2010 budget is how to fund the county's ten public health centers. These centers, located throughout King County, provide critical services to county residents. Most centers serve low-income women and children, a population increasingly in need of services as more individuals lose their employment and with it their health insurance.

At the same time that increasing demands are being placed on the public health centers, the high rate of inflation within the medical field exceed the growth rate of the department's revenues. In recent years, the majority of the department's General Fund transfer has gone to support services in the clinics. Given the precarious nature of the General Fund, this practice is not sustainable. In addition, relying on the General Fund for core public health center programs makes long-term planning at the clinics difficult. The 2010 Executive Proposed

Budget includes three solutions to these problems:

- a new financing model for funding the clinics,
- increased use of partnerships within the community to promote effective and efficient delivery of public health services, and
- consolidation of sites.

The 2010 Executive Proposed Budget includes changes to the funding model for public health centers and explicitly focuses the use of General Fund resources on the costs of public health center infrastructure/building costs and also uses State Public Health funds to support the department and county indirect costs at the centers. In this model, the programs located in Public Health centers are expected, collectively, to cover their direct costs with patient-generated and contract/grant funds, subject to policy decisions about

subsidies to service uninsured populations. Meanwhile, General Fund dollars will be used to support the building that houses the services and its attendant costs, but not the services themselves. The new model provides better predictability of need for General Funds, scalability to respond to available resources, and flexibility to address the changing future of health care system financing at the national and state levels, while also supporting effective service delivery.

Working with safety-net partners is a paramount goal of Public Health. Faced with the very real possibility of closing clinics in 2010 as a result of funding constraints, Public Health has identified an innovative plan to keep the Northshore Public Health Center open for business in 2010. Public Health has entered into a partnership with a community public health provider, Health Point, whereby Health Point will lease from Public Health the Northshore facility and move its operations, including the provision of primary care services, into the building. Public Health will rent back a portion of the space at a lower overall operating cost and continue to provide office-based Maternity Support Services (MSS) and Women, Infant and Children (WIC) services at the site. Public Health, under this plan, will move MSS field staff to the Eastgate clinic and will eliminate the Family planning at Northshore. This agreement will reduce Public Health's costs, allow Public Health to continue to serve individuals in this community, and serve as a model for future partnerships.

Finally, Public Health is increasingly looking for opportunities to consolidate services, in order to create efficiencies and reduce cost. The 2010 Executive Proposed Budget includes a plan to consolidate service in south King County. In Kent, the Alder Square clinic will close. MSS and WIC programs, which are currently located at Alder Square, will move to the Birch Creek Clinic, and some family planning will move to the Renton facility. The Kent Teen Clinic will also close, and with it the primary-care clinic will close. A new, as yet undetermined, site in Kent will serve to consolidate services in the south end.

H1N1

Public Health's 2010 work plan for 2010 could be greatly influenced by the need to respond to the H1N1 influenza virus. H1N1 began infecting King County residents in the spring of 2009. Public Health's response costs for the spring H1N1 outbreak covering just one month totaled \$255,000. The department has identified preparedness activities that will likely be required when the virus returns this fall and winter. Although the amount of funding required is unknown and it is likely that the majority of funding will be required in 2009, the virus will also impact the community and budget into 2010. The department is planning to realign current funding in order to respond to H1N1 in 2010. In addition, federal funds to assist local health departments with H1N1 are anticipated. Depending upon the nature and severity of the outbreak, the department may need to request supplemental funding in 2009 and/or 2010.

EMS Funding

As a result of declining property assessed valuations in King County, Emergency Medical Services (EMS) levy revenue forecasts are lower in 2010 than anticipated when the levy was passed in 2007. The EMS levy is subject to a rate cap of 30 cents per \$1,000 of assessed value. As property values decline, the property tax rate needed to collect the allowable revenues necessarily increases. Previous forecasts indicated that EMS could sustain a 7 percent decline in assessed valuation (AV) in 2010 and still generate sufficient revenues to maintain its program. Unfortunately, a 13.5 percent decline in AV is assumed in the 2010 Executive Proposed Budget and slow growth in 2011, resulting in a \$30 million decline in total revenues (including Seattle) for EMS over the remaining life of the levy as compared to the 2009 Adopted Budget forecast. This will create a significant gap in the EMS financial plan. Due to the planning foresight of regional EMS partners, the County Executive and the County Council, however, there is an effective method for mitigating this gap using existing EMS levy fund reserves and contingencies rather than taking reductions in direct services and programs.

The EMS fund is balanced by reducing the millage reduction reserve. The millage reduction reserve was created as a way to give excess tax collections back to the citizens of King County. The reduction of assessed value combined with the rate cap has effectively already lowered the EMS levy for citizens. In addition, any change in the levy rate will have a direct impact on the City of Seattle's EMS program. The EMS Financial Plan is included with this proposed budget and details both the change in revenues and reserves.

Flooding

The 2010 Executive Proposed Budget does not include any funding related to the potential flooding that could occur as a result of damage to the Howard Hanson Dam on the Green River. Nonetheless, a flood event would impact many departments, including Public Health and DCHS. The Alder Square Public Health Clinic in Kent is located directly in the flood plain. Public Health had anticipated moving services from this site, as well as closing the Kent Teen Center, at the end of 2009. The department will need to implement these actions earlier than anticipated as a result of the potential that flooding may occur as early as November of 2009. Emergency Medical Services (EMS) also has a facility that is located in the flood plain and will need to move. WorkSource Renton is located close to the inundation area and may need to relocate in order to continue to serve job seekers. In addition, Public Health will provide or arrange shelter support for medically needy groups after any flood event. Public Health and DCHS have not included funding requests related to potential flooding in their respective budgets, however both departments are involved in planning efforts. Any 2010 costs to prepare and/or respond to the flooding will be addressed through a supplemental appropriation request.

Investment in Information Technology and Facilities Capital Projects

The 2010 Executive Proposed Budget for Health and Human Services capital project proposals includes three Information Technology projects for a total of \$979,742.

Agency	Project	2010 Executive Proposed
Facilities		
Facilities	North Public Health Counter Remodel	\$ 132,448
Technology		
DPH: EMS	System Wide Enhanced Network Design (SEND)	\$ 625,193
DPH: EH	Online Food Worker Proposal	\$ 54,549
DPH	Health Information Technology (HIT) Improvement Project	\$ 300,000
Totals		
Facilities		\$ 132,448
Technology		\$ 979,742
Total		\$ 1,112,190